DOCUMENT RESUME

ED 162 398 EA 010 893

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TITLE Re: Legislative Purposes of Chapter 241, 1974 Legislation on State Aid for Elementary and Secondary Schools. Occasional Paper #2.
PUB DATE Jun 78
NOTE 9p.

EDRS PRICE MF-$0.83 HC-$1.67 Plus Postage.
DESCRIPTORS Educational Finance; *Educational Legislation; Elementary Secondary Education; Equalization Aid; *Finance Reform; State Aid; State Legislation
IDENTIFIERS New York; State Aid for Elementary and Secondary Schools

ABSTRACT

New York's 1973-74 Task Force on State Aid for Elementary and Secondary Schools adopted the following nine "working principles" to guide efforts at legislative reform: (1) equalization of resources available to school districts, (2) improved coordination among districts, (3) inclusion of the impact of urban wealth and pupil population in fiscal considerations, (4) simplification of the state aid formula, (5) adoption of a changed operating expense definition to take account of federal aid, (6) reexamination of pupil weighting, (7) provision for pupils with special needs, (8) rejection of prohibitions on districts' willingness to use their own resources, and (9) the achievement of real property relief. An evaluation of New York's 1974 legislation reveals that most of the Task Force's objectives were met. However, the state aid formula remains complex and federal aid to local districts was not considered. (Author/PGD)

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ED162398

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OCCASIONAL PAPER #2

RE: LEGISLATIVE PURPOSES OF CHAPTER 241, 1974 LEGISLATION ON STATE AID FOR ELEMENTARY AND SECONDARY SCHOOLS

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June, 1978

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OCCASIONAL PAPER #2

RE: LEGISLATIVE PURPOSES OF CHAPTER 241, 1974 LEGISLATION ON STATE AID FOR ELEMENTARY AND SECONDARY SCHOOLS

Question: What was the purpose of the 1974 school aid provisions as conceived by the legislators?

The 1974 legislation on state aid for elementary and secondary schools was passed with the knowledge that it was impossible to develop and implement a self-adjusting formula prior to the 1975-76 school year. Declining enrollments (as well as rapidly increasing enrollments in a minority of districts) combined with increasing market values of real property were playing havoc with the measurement of both relative school district fiscal needs and fiscal capacity. These changes were resulting in widening disparities in per pupil wealth among districts.[1]

Thus, Chapter 241 of the Laws of 1974, Section 25, read as follows:

> "This Act is adopted in contemplation of further cooperative study of education finance by the Governor, the Regents and the Legislature with the particular goal of developing recommendations by January first, nineteen hundred seventy-five, for the more efficient utilization of existing educational resources."

The objectives of the Task Force on State Aid for Elementary and Secondary Schools were:

a. to improve equalization among school districts of the State.

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[1] "Report of the 1973-74 Task Force on State Aid for Elementary and Secondary Schools, Historical Perspective on Chapters 241 and 718 of the Laws of 1974" (December, 1974), Albany, New York. Foreword.

b. to eliminate inequities in the current formula and reduce the more than 35 different state aid options which now exist under New York State law.

c. to increase funding for pupils with handicapping conditions and for those with special educational needs.

d. to promote greater fiscal and functional coordination among New York State's school districts, while preserving local school district autonomy.

> "...To accomplish these objectives the proposal contains an operating expense formula, with a $1,200 per pupil ceiling, which distributes state aid on the basis of a district's real property wealth per pupil, a program of extra financial assistance to school districts for the education of pupils with special educational needs and those with handicapping conditions and special aid to the 'Big Five' cities for the education of the severely handicapped and those in occupational educational programs."[2]

Chapter 241 provided an additional $307 million, raising the total school aid to $2.7 billion.

> "The key to the new formula is the idea of automatically guiding funds in the direction of educational needs rather than merely taking a headcount. Thus, each educationally disadvantaged youngster, whose test scores indicate low achievement, will be counted as 1.25 rather than as just one pupil. Those who are handicapped will be counted double."[3]

The Task Force who proposed Chapter 241 had nine "working principles" that guided its drafts of legislation. They were:

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[2]Governor's Approval Messages, 1974, p. 383, Education Law, Chapter 576 of 1967, school funding, S. 10359 A, Rules Com. Ch. 241.

[3]The New York Times, 5/14/74 (editorial).

1. Equalization of educational resources available to each school district in terms of the ability to finance the educational program.
2. Greater fiscal and functional coordination among school districts.
3. Large city impact on wealth and pupil population in school finance formulas and their relationship to governmental and tax structure provisions.
4. Simplification of the state formula for computation of operating aid, with elimination of "add-ons" to the basic calculation.
5. A change in operating expense definition to take account of Federal aid.
6. A reexamination of pupil weighting, rather than simply continuing the 1.25 weighting of secondary school students.
7. Provision within the aid formula for handicapped pupils and pupils whose performance on achievement tests indicate they have special educational needs.
8. The absence of a prohibition on a district's willingness to use its own resources for supporting its educational program.
9. The goal of aid formula change was to achieve real property tax relief.

Thus, the elements of the current formula may be examined in terms of the objectives of the task force.

1. Operating Aid:

   a. Formula Aid: The formula was changed from a state support level of $860 to $1,200 per pupil in an attempt to create greater

equalization. The minimum per pupil allocation was changed to $360 for districts with $101,000 or more in full value per resident pupil. The amount of operating aid payable to a district is equal to its state formula aid per pupil multiplied by the total number of aidable pupil units (TAPU) which includes pupils in actual attendance (ADA), pupils with handicapped conditions, pupils with special educational needs, summer school pupils, and eligible evening school pupils.

New pupil weightings recognized the task force's commitment to provisions for aiding the handicapped, and those with special educational needs, and those striving to obtain a high school equivalency diploma. Handicapped students not in BOCES were to be counted as 2.00, and students scoring below a certain level on the State Pupil Evaluation Program tests for sixth graders would be counted as 1.25 students. Summer school students were counted as .12, and evening pupils were adjustments to full-time equivalent, summer school constituting 1/12 of a regular school program, and high school equivalency evening programs regarded as half a regular school program.

b. Flat Grant: A flat grant provision was retained and increased from $310 per pupil (WADA) to $318 per pupil (WADA). This insured that some districts would be able to achieve property tax relief.

c. Save Harmless: The number of districts who were receiving aid at levels equal to the prior year, rather than formula aid, was

reduced from 380 districts to districts. This provision was designed to prevent those districts who were suffering enrollment declines and inflated property values from losing large amounts of state aid. In addition, this provision eliminated the shifting of burden from the state to the localities.

Transportation aid, building aid, incentive reorganization aids, BOCES aids, textbook aid, lunch aid and special categorical aids were retained as previously enacted.

Two adjustments to formula aid were also devised, growth aid for districts experiencing an annual increase in average daily attendance, and budget aid for districts spending less than $1,200 per pupil in the 1973-74 school year.

Two supplements to formula aid were also enacted: special services aid and high tax aid.

> "The new special services aid program is intended to provide an equitable reimbursement to big city school systems for programs for which other districts receive aid through Boards of Cooperative Services. Such programs include those for the severely handicapped and for pupils in advanced-level vocational programs. Eligibility for special services aid is subject to special definitions, and handicapped pupils so aided are excluded from the pupil base for general operating aid and from the weighting for 'mainstreamed' handicapped pupils."[4]

Special services aid was computed at a fixed dollar amount: $3,000 for each handicapped child who is severely retarded, severely emotionally disturbed, totally blind with an additional handicap, completely deaf; or has

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[4]State of New York, "1974 Legislation in State Aid for Elementary and Secondary Schools" (June, 1974) Albany, New York, p.9.

multiple handicaps and $1,200 for each occupational education pupil in grades 10-12, less the equivalent of a $15 tax on the district's 1972-73 actual valuation per pupil.

The new high tax aid formula was similar to that previously in effect and provided aid to districts having actual valuations per pupil of less than $40,000 in 1972 and 1973-74 adjusted tax rates in excess of $24 per $1,000 of actual valuation, exclusive of balances exceeding 37% of general fund expenditures. Aid is proportional to a district's tax effort and its tax capacity.

These provisions were designed to take into account the Task Force's concern with the effects upon large cities of state aid formulas, and to enhance the equalizing effect of the distribution system.

Two changes were enacted in Boards of Cooperative Educational Services: (1) Districts who joined would be reimbursed for their share of the first-year administrative costs, and (2) the aid formula was altered to dampen the disequalizing characteristics by increasing the six mill formula to eight mills.

Chapter 593, Laws of 1974, provided aid for non-public handicapped students who could not be educated in regular classes but could benefit from special programs. This was designed to insure that non-public school children in need of such services were able to obtain a non-public education.

Thus, the 1974 legislation met most of the Task Force's objectives, although the formula had some add-ons, and was still complex. In addition, the formula did not consider Federal aid to a local district, which had been a concern of the Task Force. However, the formula did provide for more equalization, did reduce from 35 the number of 'add-ons,' did increase funding for

pupils with handicapped conditions and those with special educational needs, did change the incentive to join BOCES, and did achieve some property tax relief.

WJF/vm
1/24/77